

**GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA**

STARRED QUESTION NO:47

ANSWERED ON:20.07.2016

Revival Plan of Telecom PSUs

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Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether the State-run telecom firms BSNL and MTNL have incurred huge losses whereas private companies are earning handsome profits;

(b) if so, the details thereof during last three years and the reasons for the same, company-wise;

(c) whether the Government has proposed revival plans for BSNL and MTNL;

(d) if so, the details thereof and the reaction of the Government thereto; and

(e) whether BSNL and MTNL are allowed to monetize their assets by sharing towers, optical fibres, renting out buildings, etc. and if so, the details thereof?

Answer

THE MINISTER OF STATE (IC) OF THE MINISTRY OF COMMUNICATIONS &
MINISTER OF STATE IN THE MINISTRY OF RAILWAYS
(SHRI MANOJ SINHA)

(a) to (e) A Statement is laid on the Table of the House.

STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN RESPECT OF PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 47 FOR 20th JULY, 2016 REGARDING "REVIVAL PLAN OF TELECOM PSUs".

(a)&(b) Details of profit & losses of Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL) during the last three years are given below:

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Name of Operator Profit & Loss(In Rs. Crores)

2013-14 2014-15 2015-16

BSNL (7020) (8234) (3803) (unaudited)

MTNL 7825* (2893) (2006)

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* MTNL made book profit of 7825.13 crores during FY 2013-14. The same was on account of reversal of provisions of pensionary benefits following Government of India decision for payment of the pension from its own sources and also the reversal of amortisation charged earlier for one time Broadband Wireless Access (BWA) spectrum due to return of BWA Spectrum by MTNL.

The main reasons of incurring losses by BSNL and MTNL are as follows:

? Huge legacy work force whose salary & wages are around 50% of the revenue in case of BSNL and to the extent of 70% of revenue in case of MTNL.

? Inheritance of legacy wire-line systems.

? Economically unviable rural operations as social obligation.

? Increase in operational cost.

? In case of MTNL additional burden as interest due to payment of upfront spectrum cost of 3G and BWA.

(c)&(d) Government is concerned about the financial condition of BSNL and MTNL. Both the PSUs were in profit till Financial Year 2008-09. Thereafter, due to declining market share the revenue realization has fallen while the operating cost has remained almost constant which has affected the profitability of both the Public Sector Undertakings (PSUs).

Government has provided financial assistance to BSNL and MTNL for their revival for the following:

? Surrender with refund of BWA spectrum held by BSNL in 6 Licensed Service Areas (LSAs) and by MTNL in Delhi and Mumbai. Under this head, Rs. 4533.97 crore has been refunded to MTNL through bonds and Rs. 6724.51 crore is being refunded to BSNL through budgetary resources.

? Waiver of notional loan of Rs. 1411 Crore due to be paid to the Government by BSNL.

? The pension liability of MTNL for its staff who got absorbed from DoT, shall get pension from the Government at par with BSNL

absorbed staff.

? Financial support of Rs. 492.26 crore has been given to MTNL on account of liability arising from levy of Minimum Alternate Tax (MAT).

? Refund of Rs. 458.04 crore to MTNL and Rs. 169.16 crore to BSNL on account of surrender of CDMA (Code Division Multiple Access) spectrum.

In addition, Government assigned the following projects of Department of Telecommunications (DoT) to BSNL which will support BSNL in additional revenue generation:

? Providing mobile connectivity in 2199 identified locations in Left Wing Extremism (LWE) affected areas through BSNL at an estimated cost of Rs. 3567.58 crores.

? Providing mobile connectivity to uncovered villages in Arunachal Pradesh and two districts of Assam to BSNL on nomination basis at an estimated cost of Rs. 1975.38 crores.

? Implementation of transmission-media plan of North Eastern Region (NER) at an estimated cost of Rs. 295.97 crore.

? Implementation of comprehensive development plan for Andaman & Nicobar Island and Lakshadweep at an estimated cost of Rs. 99.03 crore.

Separately, BSNL and MTNL themselves are also making relentless efforts towards their revival. Some of the steps being taken by BSNL and MTNL in this direction are as follows:

BSNL

â€¢ Plans to install 11,340 numbers of 3G Base Transceiver Stations (BTSs) and 13,926 numbers of 2G BTSs under Phase-VII GSM (Global System for Mobile Communication) expansion for 15 Million lines. Out of the planned BTSs, 11,242 (3G) BTSs and 13,791 (2G) BTSs have become operational as on 31/05/2016. This has improved 2G and 3G network coverage and data capability of 3G network.

â€¢ 2500 Wi-Fi hotspots have been provided at 1200 locations to enable fast and seamless data connectivity.

â€¢ Implemented ERP (Enterprise Resource Planning) as one of the important IT initiatives in all circles.

â€¢ During the current Five Year Plan (2012-17), BSNL has plans to make the entire wire line customer base network IP enabled. Next Generation Network (NGN) equipment based on the latest architecture are planned to be deployed gradually to replace the entire Circuit Switched equipments/ Digital Telephone Exchanges.

â€¢ Setup wireline call centres for all of its customers of landline and broadband at Dehradun, Ajmer and Bangalore.

â€¢ Launched various customer centric initiatives like Night free calling from landline from 9:00 pm to 7:00 am, Free incoming calls while roaming, increased minimum speed of broadband to 2 Mbps etc.

â€¢ Based on Government policy on Virtual Network Operator (VNO), BSNL has plans for optimum utilization of its network.

MTNL

â€¢ Plans to upgrade the existing data speeds over wireless network.

â€¢ Investment for up-gradation / augmentation / expansion of existing 2G/3G network.

â€¢ Plans to provide the backhaul media connectivity of existing mobile tower sites in Delhi and Mumbai on Optical Fibre Cable (OFC) network in place of Microwave network.

â€¢ MTNL is also exploring synergy with BSNL for its mobile services.

â€¢ Set up of wireline call centers for the customers of landline, mobile and broadband at Delhi and Mumbai.

â€¢ Launched Night free calling from landline from 10:00 pm to 7:00 am.

â€¢ To reduce call drops steps such as revised frequency plan, testing with IP Tool, reinforcing of network, etc. have been undertaken.

â€¢ MTNL has plans for optimum utilization of its network based on Virtual Network Operator (VNO) policy.

â€¢ Enhancement of broadband speed from 512 Kbps to 2 Mbps for better satisfaction of customers.

â€¢ Rollout of Wi Fi facility to provide broadband service

â€¢ Generation of additional revenue through sharing of passive infrastructure.

â€¢ Sharing of Optical Fibre Cable (OFC) infrastructure with private telecom service providers.

(e) BSNL and MTNL are sharing their passive infrastructure on availability basis and their towers with other telecom service providers (TSPs) based on techno economical considerations. During 2015-16, revenue of Rs.146 crore has been earned by MTNL by lease rental of under utilized assets i.e. building etc.